

News Release



Controller of the State of California - Kathleen Connell

300 Capitol Mall, Suite 1850

Sacramento, California 95814

Contact: Lisa Casalegno (916) 445-2636

FOR IMMEDIATE RELEASE

STATE CONTROLLER'S HOUSING PROPOSAL APPROVED UNANIMOUSLY BY CalPERS BOARD

CalPERS INVESTMENT PROGRAM WOULD FUND AFFORDABLE HOUSING

Sacramento, June 18, 2001 – State Controller Kathleen Connell won approval today for her unique multi-family housing program designed to provide sound investments for state employees' funds, while addressing a critical need.

"This program will allow CalPERS to achieve an excellent return on its real estate investments, and it will allow the fund to help improve the housing crisis in our state," said Connell. "This program commits \$150 million to affordable housing investments that CalPERS finds will have a positive effect on our communities."

CalPERS currently invests in real estate programs, including several involving affordable housing, but the fund has no housing programs of its own. The Controller's proposal approved today would allow the board to work directly with developers and local governments to provide funding and incentives such as expedited approval process at the local level.

"There are communities all over California that would embrace developers willing to build affordable housing, and with CalPERS providing the investment funds, that can become reality for local governments," explained Connell. "In return, local governments will be asked to expedite the process, providing an added incentive for developers who sometimes wait years for the process to happen."

The program would provide an Internal Rate of Return in the minimum range of 13-15% leveraged after fees. The partner/advisor selected for the project would also be required to make a capital investment.

Candidates for the funding must apply by September 15, 2001, with interviews being completed by October 15 and recommendations being made to the Investment Committee at the November 13, 2001, meeting.

"I am pleased that the Board saw fit to move so quickly and approve this important program. We have the potential to make a difference in our state by hand-picking investments that will work for California employees," said Connell.

###

***To arrange interviews with State Controller Kathleen Connell,
contact Lisa Casalegno (916) 445-2636***